



Texas Original

Compassionate Cultivation

October 9, 2020

The Honorable Senfronia Thompson
Chair, House Public Health Committee
P.O. Box 2910
Austin, Texas 78768
RE: Interim Charge 1 related to implementation of HB 3703 from 2019

Dear Chairwoman Thompson,

Thank you for the opportunity to provide comment on this important topic. As you may already know, my company is one of three licensees in the Compassionate Use Program of Texas (CUP). We are the only Texas-based medical cannabis licensee, and we are the market leader in providing medicinal grade cannabis for patients suffering from an eligible diagnosis.

Rather than address the policy goals of the CUP, I would like to call to your attention some administrative challenges the program faces as a result of DPS rules as your committee “monitors the agencies and programs under the Committee’s jurisdiction and oversees the implementation of relevant legislation passed by the 86th Legislature.” Further, I would ask that you “conduct active oversight of all associated rulemaking and other governmental actions taken to ensure intended legislative outcome of all legislation.”

The reason I am highlighting these specific issues is their impact on the continued viability of each licensee and our ability to continue to serve customers across the state. As the program expands to more patients, these issues will only increase in severity and continue to create onerous regulations that are expensive and cumbersome with which to comply.

For example, we are unable to store inventory in locations other than our vertically integrated location in Manchaca, Texas. This forces us to have an inefficient and costly delivery system to patients outside of the Central Texas area. By comparison, much stronger medicine, including other Schedule 1 substances, are able to be stored in pharmacies across the state.

We are also unable to establish retail locations, other than our fully integrated location in Manchaca, where we can meet with our patients. This requires us to have “temporary locations” where customers can meet us to get their medicine if we are unable to deliver to their door due to

logistical reasons. This also forces us to start each day from our Manchaca location, often driving for hundreds of miles before we can meet with our first patient.

We are unable to use any commercial delivery methods and must provide our own door-to-door driver with a lock box permanently installed in the delivery vehicle. Moreover, we are required to file and maintain delivery manifests for each delivery. For example, we have to prove turn-by-turn routes for deliveries rather than simply showing arrival and departure locations. Imagine if you had to provide turn by turn delivery manifests for a trip from the Austin area to San Angelo, Levelland, Amarillo, Wichita Falls and Graham? That's a realistic day in a delivery for us.

We continue to ask the state to require third party testing of any medicine provided through the CUP. While we are 100% confident in the quality and consistency of our medicine, we believe patients and policy makers deserve to have independent third-party testing to provide added confidence in the overall program.

In summary, we believe the DPS rules still regulate this program like a "drug" and not a "medicine" by focusing on the chain of custody rather than the quality of the medicine. Respectfully, we would offer that it is time for this focus to evolve and recognize that we have successfully operated our business with transparency and integrity. Texas is known around the nation as a state that knows how to treat business owners and operators – it's why we have so many great businesses that are relocating to Texas. It's time that Texas starts to treat this industry as a legitimate business and reduce the tremendous complexities and onerous regulatory burdens that make running a successful business almost impossible.

Please know that we bring these issues to your attention, not for our own sake, but on behalf of our patients. Having the ability to operate our business with greater flexibility, while maintaining important elements of regulatory compliance, will enable us to provide greater service, products and less expensive pricing to our patients.

Thank you for your consideration.

Sincerely,

Morris Denton
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